

Chapter 10 W-2 PAYMENTS

10.1.0 EMPLOYMENT POSITIONS

- **Trial Jobs:** Participants placed into Trial Job positions receive wages directly from the employer. No payment is issued from the W-2 agency to the W-2 participant. However, the W-2 agency will pay a monthly subsidy to the employer for each Trial Job placement. (7.3.3.)
- **CSJ:** Participants placed into full CSJs receive a monthly payment of \$673.
 - **1/3 CSJ:** Participants placed into 1/3 CSJs receive a payment of \$230 for up to 10 hours of work training and up to 10 hours of education and training per week.
 - **1/2 CSJ:** Participants placed into 1/2 CSJs receive a payment of \$341 for 11 to 15 hours of work training and up to 10 hours of education and training per week.
 - **2/3 CSJ:** Participants placed into 2/3 CSJs receive a payment of \$452 for 16 to 20 hours of work training and up to 10 hours of education and training per week.
- **W-2 T:** Participants placed into W-2 T receive a monthly payment of \$628.
- **Custodial Parent of an Infant:** Participants placed into the Custodial Parent of an Infant placement receive a monthly payment of \$673.

For information on W-2 Emergency Payments, see Chapter 18.

10.2.0 PAYMENT SCHEDULE

The W-2 participation period is from the 16th of a month to the 15th of the next month. The W-2 payment is issued on the first of the month after the participation period ends and is based on the completion of assigned activity.

The payment includes all reductions and penalties for individuals living in the household during any part of the participation period. If an individual moves out of the household, any sanction or payment reduction for missed hours associated with that individual during the current participation period are deducted from the next payment. The sanctions/missed hour reductions will not follow the individual to a new W-2 group. Recoupments continue to follow an individual from case to case.

10.2.1 Applications

W-2 participants may receive initial payments on the monthly pay cycle as follows:

1. **Begin Date falls on or between the 1st and the 15th:** A prorated initial payment is issued on the first of the next month. The second and subsequent payments cover full participation periods on the regular payment cycle.

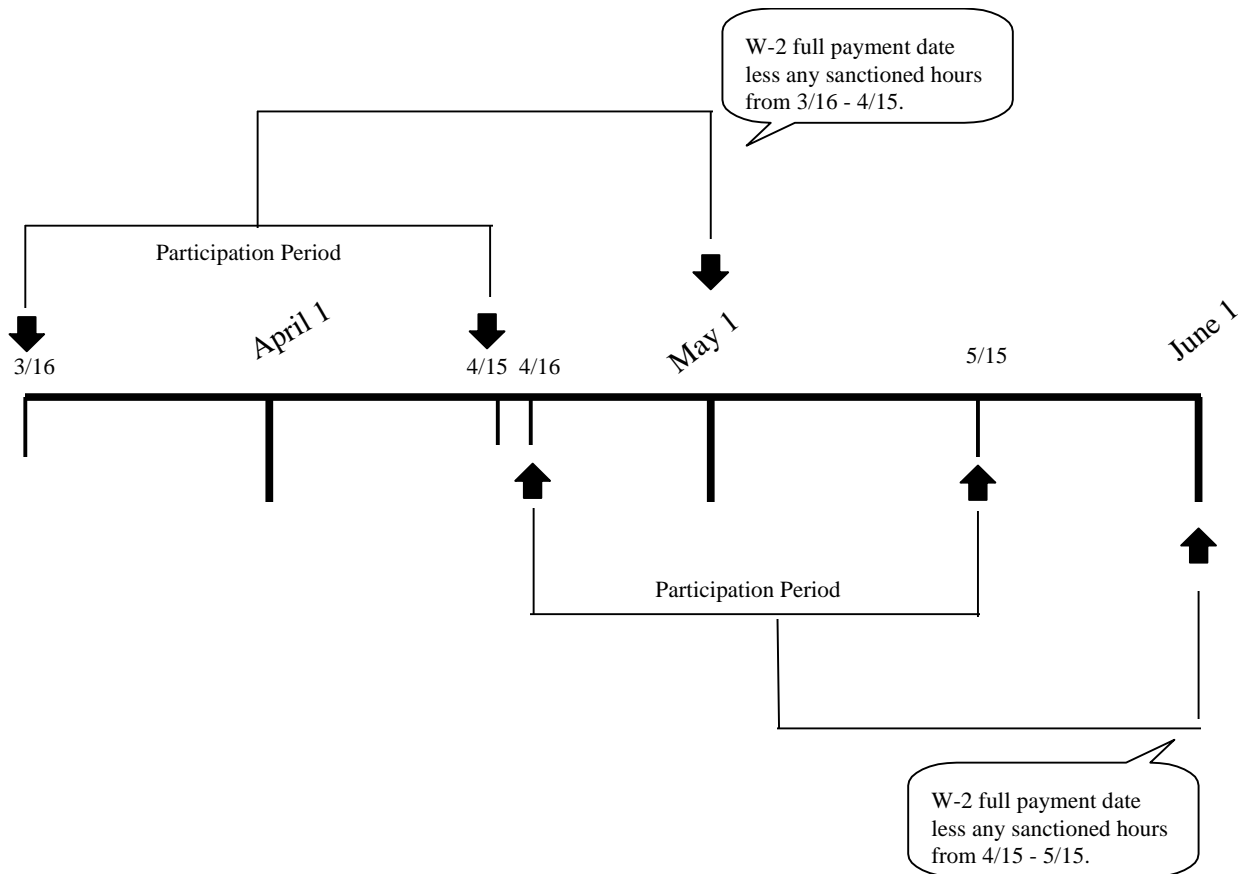
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2. **Begin Date falls on or between the 16th and the last day of the month:** A prorated initial payment is issued in two parts; the first payment is issued after the 1st of the month to cover participation minus missed hours for the W-2 Begin Date through the last day of the month. A second payment is issued for participation completed from the 1st through the 15th. This payment will be sent out on the first of the following month. The third and subsequent payments cover full participation periods on the regular payment cycle.

10.2.2

Ongoing Cases

The payment for month three and all other ongoing months is issued on the first of the month after the participation period.



Participants in W-2 Transition (W-2 T) or Community Service Jobs (CSJ) are paid on a monthly cycle. The participation period extends from the 16th of each month through the 15th of the next month. Payments are issued on the first of the month following the participation period.

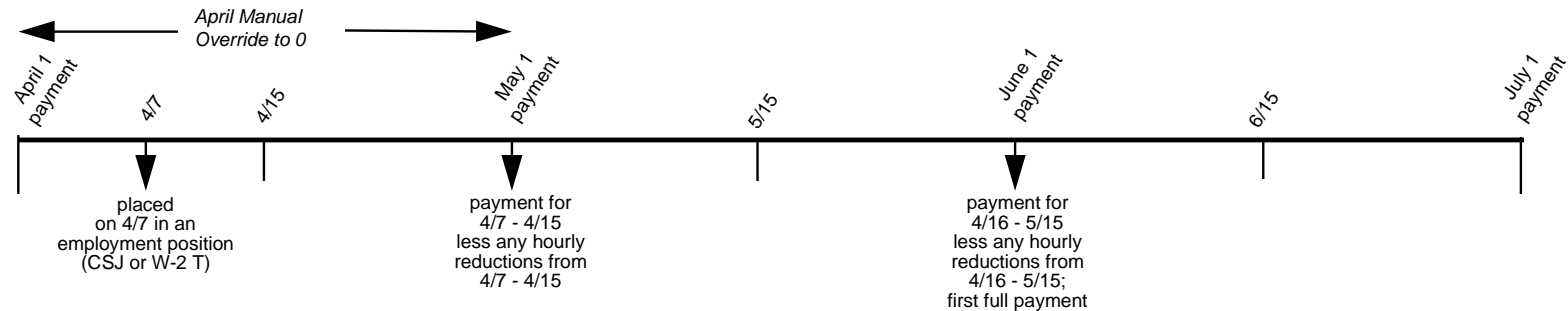
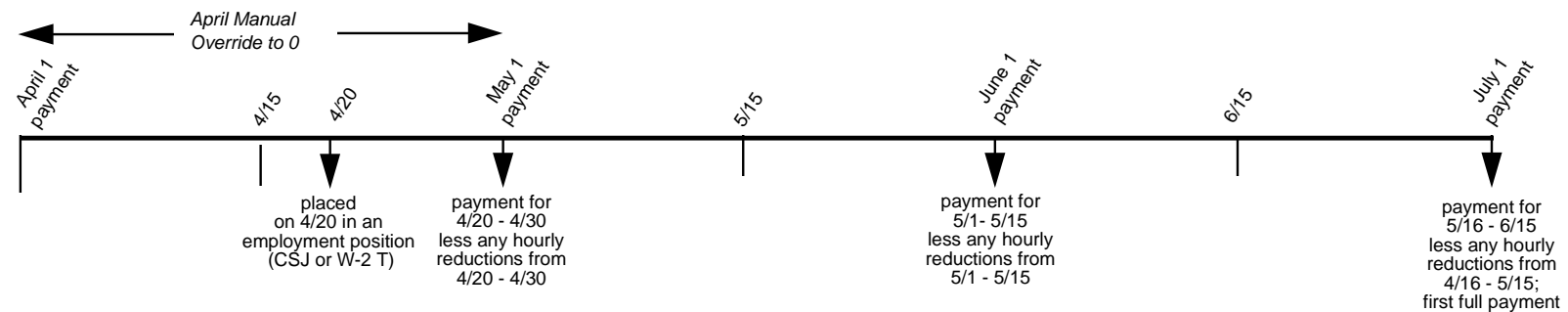
Payment reduction for missed hours must be deducted from the payment for the participation period during which hours were missed. The FEP can enter missed hours as they are reported throughout the cycle. The final date that missed hours

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can be entered into CARES is W-2 Benefit Issuance Pulldown, which occurs six days prior to the end of the month.

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Payment & Reduction Cycles for New Applications in W-2

1. Placement between 1st and 15th of the month**2. Placement between 16th and end of the month**

Participants employed in W-2 Transition (W-2 T) or Community Service Job (CSJ) positions will be given a payment on a monthly cycle. The participation periods will extend from the 16th of each month through the 15th of the following month. Payments will be made on the first day of each month. Participants who begin a position after the 16th but before the 1st should be provided a partial payment between the 5th and 15th of the following month, as soon as participation is verified. The balance of the payment for their first participation period will be made on the regular payment date for the period. Hourly reductions will be deducted from the payment for the participation period during which hours were missed.

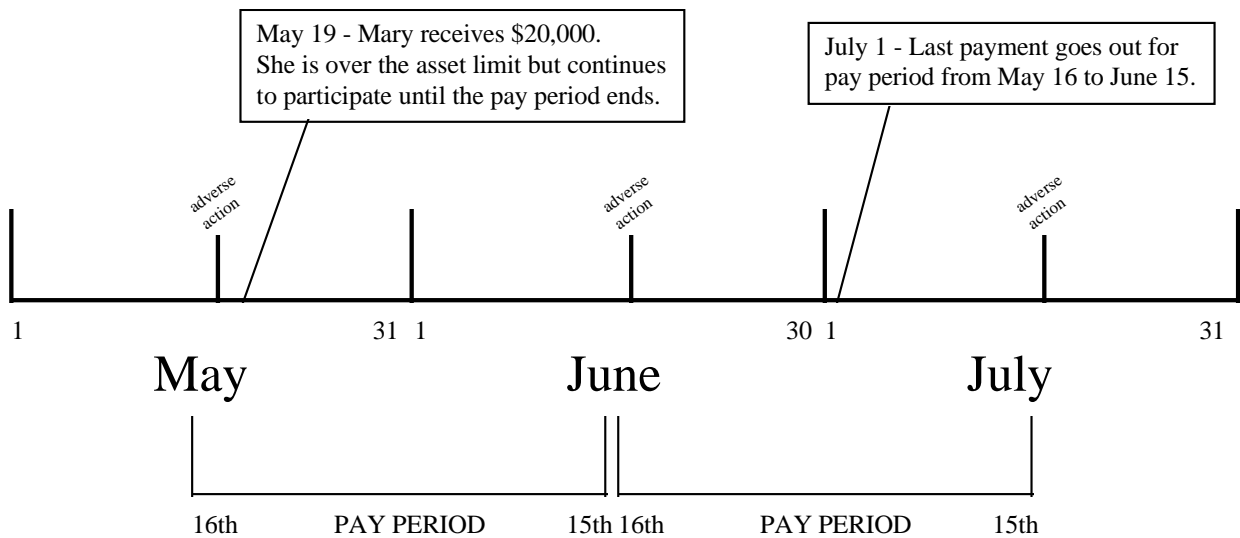
Participants who become ineligible for W-2 or otherwise leave a W-2 T or CSJ position will receive a prorated final payment for the percentage of the participation period that they actually worked. Payment reductions for missed hours during the prorated final period will be deducted from the final payment.

10.2.3 Final Payment

As with unsubsidized employment, a final check is issued for the current participation period when an individual leaves a W-2 employment position. The W-2 agency may terminate a W-2 employment position anytime following a change in circumstance as is reasonable for both the W-2 employer/work training provider and the W-2 participant.

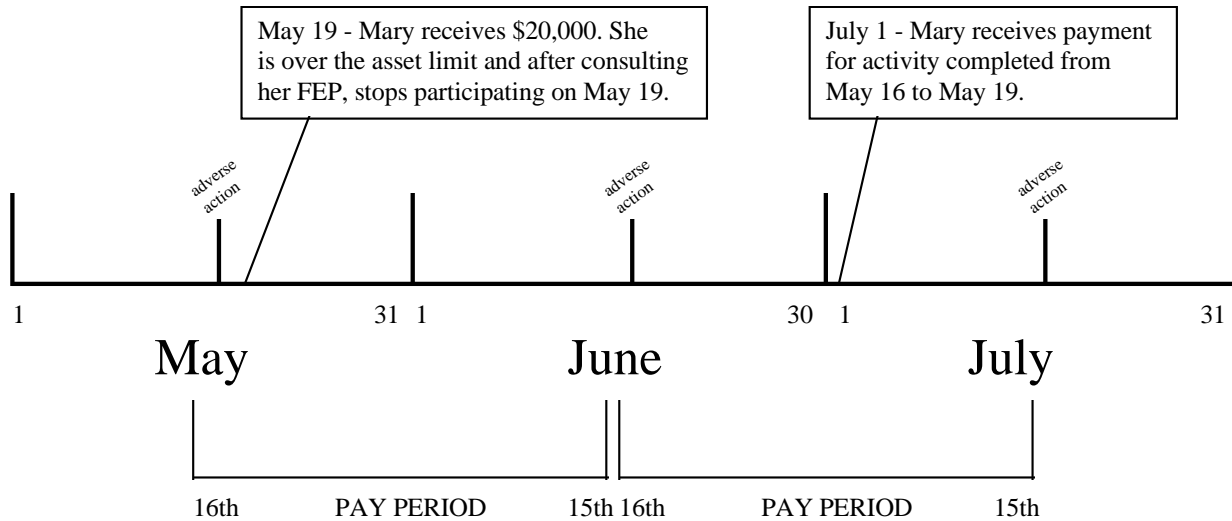
Example 1:

Option 1: Mary reports on May 19 that she received \$20,000 from a family friend. It will benefit Mary if the CSJ provider keeps Mary on-site through the end of the participation period. Mary's W-2 end date is June 15th, and she receives final payment on July 1st.

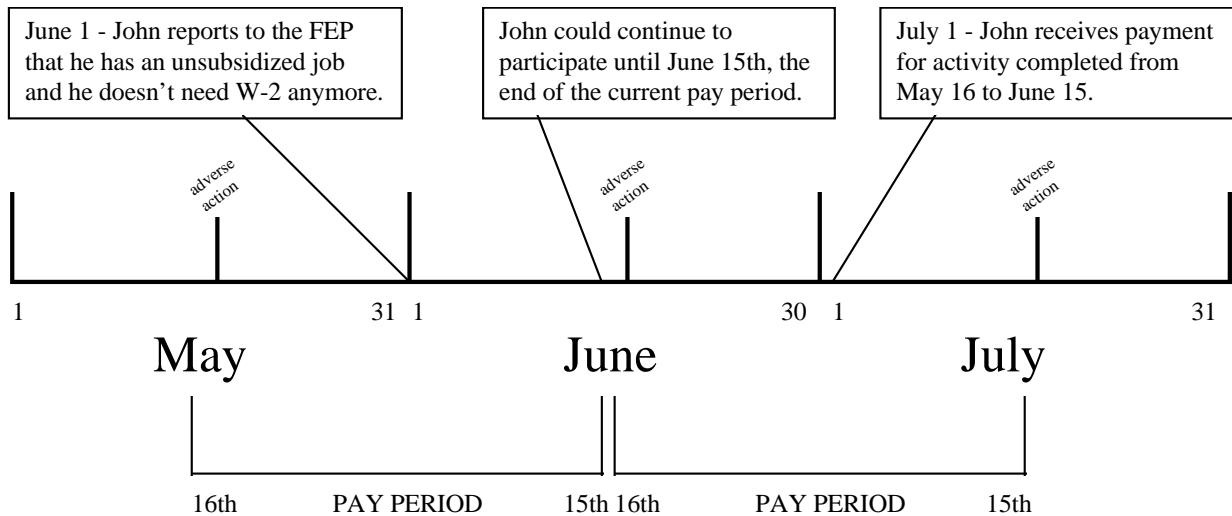


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Option 2: The W-2 agency determines that Mary may end her participation before the end of the participation period. Mary's W-2 end date is May 19th, and she receives a final W-2 payment on July 1st for three days of participation. Any hours missed during those three days without good cause will be deducted from the final payment.



Example 2: John is in a CSJ and reports that he found unsubsidized employment. The FEP informs him that he may continue to participate in the CSJ until the end of the participation period on June 15th, and lets the CSJ work training provider know John will be leaving the position. John's payment will be reduced for any missed hours without good cause during this participation period by \$5.15/hr.



If John's new unsubsidized job began June 1st, his W-2 end date would be May 29th, the last day of participation in his subsidized employment position.

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10.2.4 Changing W-2 Placements**10.2.4.1** *Moving Between W-2 Paid Placements (CSJ, W-2 T and CMC)*

When a participant moves between a W-2 T, CSJ, or Custodial Parent of an Infant (CMC) placement during a participation period, the payment is not prorated. The participant receives the payment of the new employment position for that participation period. If the placement is subject to a clock, the participant's clock ticks according to the calendar month, not the participation period. (See 2.3.2).

EXAMPLE: Jennifer is a W-2 recipient placed in a W-2 T position. On August 9th, her FEP places her in a new CSJ position. Her payment for participation from July 16th through August 15th is at the CSJ amount.

However, the FEP must take special care when a participant moves from a CSJ or W-2 T to a CMC or vice versa and the CMC placement is backdated. If the CMC placement is backdated, the FEP must ensure that any nonparticipation entered for the time spent in CSJ or W-2 T does not affect the CMC payment. The FEP must check CARES screen ACWI whenever nonparticipation is entered on screen WPNP to ensure that the dates of nonparticipation coincide with the time period the participant was in the CSJ or W-2 T placement and not the time the participant was in CMC, including the backdated time period.

In addition, when moving a participant between paid placements, the FEP must also remember to end date CMC correctly so as not to incorrectly reduce the CMC payment. For more information on correctly ending a CMC placement, see sections 7.5.3 and 7.5.5.

When a participant moves from a W-2 T, CSJ, or CMC placement to a Trial Job, the participant will receive a prorated final W-2 T, CSJ or CMC payment to cover the hours in the paid placement.

Example: A W2T participant reports the birth of a child and provides verification five days later. By policy, the date CMC begins may be backdated to the date of birth. The worker may have already entered non-participation hours for the W2T activities on WPNP using dates during what is now the CMC placement. If the worker does not remember to enter Good Cause for the hours during CMC, a CMC sanction occurs.

10.2.4.2 *Moving Between W-2 Paid Placements and Case Management Placements*

When a participant moves from a case management placement to one of the paid placements within the same participation period, the FEP must ensure that payment reductions are only applied during the time the participant was in the paid placement (unless the paid placement is CMC in which there are no payment reductions). The FEP must check CARES screen ACWI whenever nonparticipation is entered on screen WPNP to ensure that the dates of nonparticipation coincide with the time period the participant was in the paid placement and not the time in the case management placement. Any nonparticipation recorded for dates when the individual

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was in a case management placement must have good cause applied so these hours will not cause a payment reduction.

When a participant moves from any paid placement (including CMC) to a case management placement prior to the end of a participation period, the FEP must issue a prorated payment rather than sanction for the remaining days in the participation period. In these situations, the FEP must follow the process for correct prorated payments by running eligibility with dates to get correct partial payment. (See CARES Guide for more information).

10.3.0 OVERPAYMENTS

W-2 overpayments may occur as a result of an error by either the participant or the W-2 agency. Overpayments fall into three categories:

1. **Inadvertent Household Error:** The participant reports incorrect information or fails to report information due to a misunderstanding or unintended error.
2. **Administrative Error:** The administering agency commits an error that results in incorrect payments.
3. **Intentional Program Violation (IPV):** The participant willfully reports incorrect information or fails to report information and, as a result, is found guilty of IPV by a court or administrative hearing.

W-2 agencies should seek recovery and establish liability for overpayments only from adult members of the W-2 group. The adult member must have been an adult member of the W-2 group at the time the overpayment occurred.

Overpaid W-2 payments from subsidized employment positions and child care may be recouped from either a CSJ or W-2 T payment. NOTE: Overpayments calculated for persons in Trial Jobs may not exceed the monthly subsidy paid to the employer.

If a W-2 agency issues a W-2 payment in error, the agency must create an overpayment claim. If the agency receives a returned check, the check must be posted as a repayment to the claim.

10.3.1 Deadline for Recovery Claims

A claim for incorrect benefits that are subject to recovery should be established before the last day of the calendar quarter following the calendar quarter in which the overpayment was discovered. However, this does not bar the establishment of claims that fall past this timeframe. Claims for incorrect payments may be established up to six years after the discovery of the error.

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| <p>Example 1: If an overpayment is discovered on June 20th, it must be established by September 30th.</p> |
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Example 2: If an overpayment is discovered on January 2nd, it must be established by June 30th.

10.3.2 Recovery of Overpayments for Open Cases

W-2 overpayments are recouped at the rate of 10% per month from CSJ and W-2 T payments when resulting from an Inadvertent Household Error or Administrative Error.

W-2 overpayments are recouped at the following rate from CSJ and W-2 T payments when resulting from an IPV. If the overpayment is:

- Less than \$300, the recoupment is 10% per month;
- At least \$300 but less than \$1,000, the recoupment is \$75 per month;
- At least \$1,000 but less than \$2,500, the recoupment is \$100 per month; or
- \$2,500 or more, the recoupment is \$200 per month.

For persons in Trial Jobs, where recoupment is not possible, overpayments should be collected in the same manner as for closed cases.

10.3.3 Recovery of Overpayments for Closed Cases

Overpayment collections from persons in Trial Jobs, non-cash W-2 components and closed cases must be sought by the W-2 agency. CARES will automatically send out repayment agreements for new claims and dunning notices. The W-2 agency must negotiate an amount of repayment for each program. Monthly repayments should be negotiated in an amount that will repay the overpayment within a reasonable length of time. In the event of unsuccessful collection efforts by the W-2 agency and after the third dunning notice is sent by CARES, the Department will begin centralized collection efforts.

10.3.4 Payment Offsets

When a supplement is needed for a payment made in the past month, the supplement may be used to offset an overpayment. When a recalculation of adjusted missed hours and good cause results in a supplement amount needed for the current payment month, the auxiliary must be sent to the participant.

EXAMPLE: Jane reports good cause on May 10th for missed hours due to unavailable day care April 6th - 9th. The FEP recalculates the May payment amount and sends a supplement to Jane for \$68. The FEP does not use the supplement to offset Jane's overpayment because the supplement is for the current payment month.

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10.3.5 Recovery of AFDC Overpayments

A W-2 participant who has an AFDC overpayment may elect to repay the overpayment in one of four ways:

1. Monthly installments.
2. W-2 payment reduction of 10 percent or \$10 dollars, whichever is greater.
3. W-2 payment reduction greater than 10 percent. The elected percentage must be indicated on the AFDC Repayment Agreement.
4. Payment in full.

Persons with AFDC overpayments must select and initial at least one of the above repayment options on the AFDC Repayment Agreement. Failure to complete the repayment agreement may result in additional collection and/or tax offset. A person selecting the recoupment option from W-2 cash payments will have tax offset suspended, along with any other collection action, as long as he or she is receiving a W-2 payment. However, recoupment from W-2 cash payments (items 2 and 3 above) can occur only if a participant agrees to have his/her W-2 payment reduced. Those selecting monthly installments or payment in full must comply with the terms of the agreement. Failure to comply with the agreement will result in additional collection action.

The AFDC Repayment Agreements are generated by CARES on screen BVSL.

10.4.0 ELECTRONIC FUNDS TRANSFER (EFT) OPTION

W-2 agencies must inform applicants and participants that their CSJ and W-2 T payments may be directly deposited into their checking or savings account using electronic funds transfer (EFT). Although this payment method is currently voluntary, W-2 agencies should encourage all individuals to use this method and assist the participant in opening their checking or savings account, if necessary.

Advantages of EFT include:

- Agency staff will deal less often with phone calls, documentation, completion and mailing of affidavit forms associated with lost, stolen, or destroyed checks.
- EFT payments are much safer and more timely.
- Participants can feel confident that their EFT payments are secure in their bank account on the expected day.
- Participants will receive EFT payments one day earlier than a W-2 check.

More information on setting up an EFT account can be found in the CARES Guide.

10.5.0 PAYMENT STATEMENT

When reductions are applied to the W-2 payment, participants receive a Payment Reduction Statement prior to payment issuance, indicating the gross payment

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amount, any reductions due to missed hours, Learnfare reductions, drug felon penalties, recoupments, and the net payment.

10.6.0 PAYMENT DESIGNATION

CSJ or W-2 T payments must be made payable as appropriate to the:

1. Participant;
2. Spouse of the participant (the spouse must be living in the home unless designated as protective payee or appointed by a court to be legal representative); or
3. Guardian or conservator of the W-2 participant.

10.6.1 Protective and Vendor Payments

If continued mismanagement of funds is a threat to the health and safety of the child as determined by the FEP, all or part of the CSJ or W-2 T payment may be a protective payment or part of the CSJ or W-2 T payment may be a direct payment and part a protective or vendor payment, or both. The agency must investigate reports of mismanagement before initiating protective or vendor payments.

The W-2 agency must document in the case record the reason for the authorization of protective or vendor payments and must show the name of the eligible participant, the name of the protective or vendor payee, and the amount and form of payment authorized.